Memorandum

U.S. Department
of Transportation
Federal Aviation
Administration

Subject: **ACTION**: Service-Oriented Portfolio Management	Date: DEC 02 1999
From: Assistant Administrator for Information Services and Chief Information Officer Associate Administrator for Research and Acquisitions Assistant Administrator for Financial Services Acting Associate Administrator for Air Traffic Services Associate Administrator for Regulation and Certification	Reply to Attn. of:

To: Distribution List

Discussions at several recent JRC and IPLT meetings, as well as objectives developed in connection with the FAA's Information Technology Strategy, have led us to conclude that implementation of portfolio management around the agency's services has the potential to improve our capital investment decisions. Portfolio management aggregates investment candidates into funding categories that correspond to the business model of the enterprise and allows senior management to manage the capital investment portfolio as a whole with the aim of increasing benefits and managing risks. It also has the potential to help improve our communications with stakeholders, including Congress, on budgets and investments.

Concurrent with these discussions on portfolio management, an IPLT sub-team led by Alice Wong and Bill Voss identified seven candidate service areas into which most of the agency's business can be divided. While we still need to finalize the services in the agency's portfolio, Terminal/Surface Separation Assurance is certain enough to begin pilot implementation. The current Integrated Management Teams will be reorganized into Integrated Service Teams that will guide investment in the services.

To further our understanding of how service-oriented portfolio management will be applied within the FAA, we are now ready to launch two efforts:

(1) A Service-Oriented Portfolio Management Working Group will examine the broad issues of portfolio management,

(2) A Terminal/Surface Separation Assurance pilot project will establish an Integrated Service Team and implement key aspects of portfolio management.

The working group will lay the ground work for the expansion of portfolio management to all seven services, e.g., by proposing a set of performance measures for each service and recommending appropriate changes to the current investment process involving the JRC, SEOAT, SAT, and other agency councils. Senior managers from our organizations will form the working group, which will be chaired by Bob Rovinsky. As the working group effort matures, we will expand participation from the Management Board. In the interim, we will serve as the Steering Committee for the working group and will convene periodically to monitor progress, remove obstacles, and provide executive oversight.
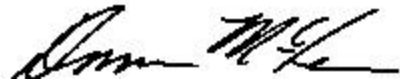
Considering the large and complex capital investment planned for Terminal/Surface Separation Assurance over the next decade, and the importance of this investment to meeting agency safety, security, and efficiency goals, this service is a very appropriate choice for a pilot. We will soon announce the members of the Integrated Service Team, including the co-chairs from ATS and ARA. A complementary effort, Business Systems Integrated Planning (BSIP), which is described in the attachment to this correspondence, is already underway to integrate the planning for a number of related business systems that are a significant part of the Enterprise Management Service. While not on the scale of the Terminal/Surface Separation Assurance pilot project, BSIP will also carry out many portfolio management activities.

This is an exciting as well as challenging initiative for the FAA. While we have made real progress in recent years through the implementation of IPT's, we have all felt the need to find a better vehicle for allowing tradeoffs to be made among IPT programs. Portfolio management around the agency's seven key service areas holds great promise to move us forward in this area, and we are committed to dedicate the energy and resources necessary to realize that potential.
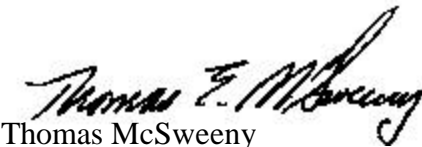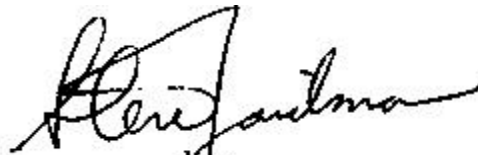
Regards,

Daniel J. Mehan   Steven Zaidman

Donna R. McLean   Steven J. Brown

Thomas McSweeny

Attachment

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ASSISTANT ADMINISTRATOR FOR INFORMATION SERVICES
AND CHIEF INFORMATION OFFICER

October 1, 1999

TO: ARC-1, ATS-1, ARA-1, ABA-1, AHR-1

On September 21, we agreed on the Information Technology (IT) Strategy for the FAA and took the first step to a new common understanding of how information technology can support agency strategic goals. One element of the IT Strategy is to initiate integrated planning of the various business systems currently being replaced in the agency. As the FAA continues migration to a performance-based operation, it is essential that agency business systems align with and support the business requirements of LOB's and the agency as a whole.

To facilitate integrated planning for our business systems, I would like to form a Business Systems Integrated Planning (BSIP) team to work together to leverage our collective knowledge and experience. A key technique for enhancing business value described in the IT Strategy is portfolio management. The BSIP team will define the business system portfolio by assessing the requirements, plans, and status of the current business system initiatives and Looking for synergies.

I am assigning Rich Turner of my organization to Lead the team and provide portfolio and business process analysis support. I request that each of you assign a representative to the team. Through the BSIP team's effort, I believe we can exploit the opportunities afforded us by the concurrent replacement of a number of our business systems.

I would appreciate it if your representative would contact Rich Turner on x7-8091 by October 8. If you have any questions, please give me a call on
x3-4566.

Regards,

Dan Mehan